



No. 43

June 23, 2004

S. 2559 – Department of Defense Appropriation Bill for FY 2005

Calendar No. 593

On June 22, 2004, the Committee on Appropriations reported S. 2559, an original bill without amendment, by a vote of 29-0; no written report was filed.

Noteworthy

- S. 2559 provides \$416.2 billion in new discretionary authority for the Department of Defense. Excluding the FY04 Iraq Supplemental and the FY05 contingency emergency reserve fund, this is an increase of \$22.5 billion over the FY04 enacted level.
- S. 2559 provides \$25 billion in a contingent emergency reserve fund requested by the President for costs associated with the operations in Iraq and Afghanistan. These funds are available upon enactment, and may only be used for operations in Iraq and Afghanistan.
- S. 2559 fully funds key readiness programs critical to the Global War on Terrorism.
- S. 2559 provides funding to increase Army end strength by 20,000 soldiers. The bill funds overall Department of Defense end strength of 2,263,900.
- S. 2559 provides a 3.5-percent, across-the-board pay raise for military personnel.
- On June 22, 2004, the House passed H.R. 4613, its version of the FY05 Defense Appropriations bill, by a vote of 403-17.

Highlights

	<u>FY05 Bush Request</u>	<u>FY05 Committee Recommendation</u>
Title I – Military Personnel	\$104.8 billion	\$103.9 billion
Title II – Operation and Maintenance	\$121.9 billion	\$121.4 billion
Title III – Procurement	\$74.7 billion	\$76.5 billion
Title IV – Research, Development, Test and Evaluation	\$67.8 billion	\$68.8 billion
Title V – Revolving and Management Funds	\$2.9 billion	\$2.1 billion
Title VI – Other Department of Defense Programs	\$20.1 billion	\$20.6 billion
Title VII – Related Agencies	\$551.7 million	\$566.7 million
Title VIII – General Provisions	\$70.0 million	-\$2.6 billion
Title IX – Contingency Emergency Fund	\$25 billion	\$25 billion
TOTAL	\$417.8 billion	\$416.2 billion

Bill Provisions

Title I – Military Personnel

Title I provides \$103.9 billion for the Department's Military Personnel, which is nearly \$1 billion below the Administration's request, but \$5.4 billion above the FY04 enacted level. This funding provides basic pay and allowances, clothing, subsistence, other personnel costs for the uniformed members of the armed forces, and the Department of Defense Military Retirement Fund.

Title II – Operation and Maintenance

Title II provides \$121.4 billion for Operation and Maintenance, which is \$464.4 million below the Administration's request, but \$5.5 billion above the FY04 enacted level. Significant spending accounts include:

- **Operation and Maintenance**: Provides \$118.6 billion for the armed forces and defense agencies to prepare for and conduct combat and peacetime missions. Funds are divided between the Army, Navy, Marines, and Air Force, their respective Reserves, Defense-Wide, the Army National Guard and the Air National Guard. Funds are used for purposes such as purchasing fuel and spare parts for training operations, and repair of weapons and facilities.
- **Overseas Contingency Operations Transfer Account**: Provides \$30 million for overseas contingency operations, which fully funds the Administration's request, and is \$25 million above the FY04 enacted level.
- **U.S. Court of Appeals for the Armed Forces**: Provides \$10.8 million for salaries and expenses for the U.S. Court of Appeals for the Armed Forces, which fully funds the Administration's request and is nearly \$500,000 above the FY04 enacted level.
- **Environmental Restoration**: Provides \$1.7 billion for environmental restoration. The funds specifically are provided to: the Army; Navy; Air Force; Defense-Wide; and formerly used defense sites.

Title III – Procurement

Title III provides \$76.5 billion for Procurement, which is \$1.9 billion above both the Administration's request and the FY04 enacted level. Significant spending accounts include:

- **Aircraft**: Provides \$2.6 billion for **Army** procurement, which fully funds the Administration's request, and is nearly \$500 million above the FY04 enacted level. Included in these funds is \$702 million for the CH-47 Helicopter, which is \$25 million below the Administration's request. The decreased funding recommendation is due to current manufacturing efficiencies and the economies of scale to be expected from a 40-percent increase over the FY04 enacted level. Provides \$8.9 billion for **Navy** procurement, which is \$131.5 million above the Administration's request, but \$211 million below the FY04 enacted level. Provides \$13.5 billion for **Air Force** procurement, which is \$380 million above the Administration's request, and nearly \$1.5 billion above the FY04 enacted level.
- **Weapons/Missiles**: Provides \$1.4 billion for **Army** procurement, which is \$20 million below the Administration's request, and \$127 billion below the FY04 enacted level. Included in these funds is \$92.9 million for 1,135 missiles of any Hellfire II warhead variety, which fully funds the Administration's request. Provides \$2.2 billion for **Navy** procurement, which is \$121 million above the Administration's request, and \$127 million above the FY04 enacted level. Provides \$4.6 billion for **Air Force** procurement, which is \$110 million below the Administration's request, but more than \$444 million above the FY04 enacted level.

- **Ammunition**: Provides \$1.6 billion for **Army** procurement, which is \$50 million above the Administration's request, and \$220 million above the FY04 enacted level. Provides \$881 million for **Navy** procurement, which is \$22.5 million above the Administration's request, but \$53.8 million below the FY04 enacted level. Provides \$1.3 billion for **Air Force** procurement, which is \$43 million below the Administration's request, but \$91 million above the FY04 enacted level.
- **Shipbuilding**: Provides \$10.1 billion for Navy shipbuilding, which is \$210 million above the Administration's request, but \$1.2 billion below the FY04 enacted level. These funds include full funding of the Administration's request for the DD(X) Destroyer program, but the committee requires that construction of the ship should be funded within the shipbuilding and conversion account in a manner consistent with prior shipbuilding programs. Thus, \$221 million of R&D funding (Title IV) is to be transferred to the Navy Shipbuilding and Conversion account, and \$99 million is provided for advance procurement funding for the second DD(X) ship. Also included is \$175 million for LHA(R) Flight Zero.
- **Other**: Provides \$4.7 billion for other **Navy** procurement. Provides \$1.2 billion for **Marine Corps** procurement. Included in these funds is \$139.5 million for the Expeditionary Fighting Vehicle (EFV), which is \$15 million below the Administration's request. The reduction in the funding request stems from concern over the slow execution of FY04 dollars and the current delay in selection of an EFV production site. Provides \$2.8 billion for **Defense-Wide** procurement. Included in these funds is \$181.5 million for procurement of equipment for Special Operations Forces. Funding for the Advanced SEAL Delivery System (ASDS) for FY04 has been rescinded, and the FY05 funding is unnecessary since the Milestone C decision has been delayed until the fall of 2005—the decision was a prerequisite to initiate procurement of the second ASDS.

Title IV – Research, Development, Test and Evaluation

Title IV provides \$68.8 billion for Research, Development, Test and Evaluation (RDT&E), which is \$1.1 billion above the Administration's request, and \$3.6 billion above the FY04 enacted level.

- **Army RDT&E**: Provides \$10.3 billion for Army RDT&E, which is \$1 billion above the Administration's request, and just below the FY04 enacted level. Included in this funding is the Administration's full request of \$3.1 billion for Armored Systems Modernization.
- **Navy RDT&E**: Provides \$16.7 billion for Navy RDT&E, which is almost \$402 million above the Administration's request, and \$1.6 billion above the FY04 enacted level. Of the amount requested, \$221 million is transferred to the Navy Shipbuilding and Conversion fund for the DD(X) Destroyer program (see previous discussion under "Shipbuilding," above).
- **Air Force RDT&E**: Provides \$21 billion for Air Force RDT&E, which is \$112 million below the Administration's request, but almost \$502 million above the FY04 enacted level. Funding is provided for several space programs, including: \$11.6 billion for the

Transformational Satellite Communications System, which is \$400 million below the Administration's request; \$227 million for Space Based Radar, which is \$100 million below the Administration's request; \$98 million for Space Based Space Surveillance; and \$9.1 million for Spacecraft Vehicle Technologies.

- **Defense-Wide RDT&E:** Provides \$20.4 billion for Defense-Wide RDT&E, which is \$335 million below the Administration's request, but \$1.5 billion above the FY04 enacted level. Included in this funding is \$2.8 billion for Defense Advanced Research Projects Agency programs.
- **Operational Test and Evaluation, Defense:** Provides \$305.1 million for independent activities of the Director of Operational Test and Evaluation, which is equal to the Administration's request, but is \$726 million below the FY04 level.

Title V – Revolving and Management Funds

Title V provides \$2.1 billion for Revolving and Management Funds, which is \$800 million below the Administration's request.

Title VI – Other Department of Defense Programs

Title VI provides \$20.6 billion for a range of Department programs. This funding includes: \$18 billion for the Defense Health Program, which includes \$18.1 million to ensure military amputee patients are returned to the highest level of physical function; \$1.4 billion for Army Chemical Agents and Munitions Destruction; \$908 million for Drug Interdiction and Counter-Drug Activities; and \$244 million for the Office of the Inspector General.

Title VII – Related Agencies

Title VII provides funding for several related agencies. This funding includes: \$239 million for the Central Intelligence Agency Retirement and Disability System Fund; \$319 million for the Intelligence Community Management Account; and \$8 million for the National Security Education Trust Fund.

Title VIII – General Provisions

Title VIII includes proposals that have been incorporated into previous appropriations bill, provisions requested by DoD, and new provisions. The effect of allocation and FY 2002 and FY2004 rescissions result in a net rescission of \$148 million.

Title IX – Contingency Emergency Fund

Title IX provides \$25 billion for a contingency emergency reserve fund requested by the President for costs associated with the operations in Iraq and Afghanistan. The funds would be available only after a subsequent request by the President that designates all or some of the funds as an emergency and essential to operations in Iraq and Afghanistan. This funding ensures that our troops will have the necessary resources when they need them.

- **Military Personnel**: Provides \$505 million for military personnel.
- **Operation and Maintenance**: Provides \$17.5 billion for O&M accounts.
- **Army Procurement**: Provides \$1.7 billion for Army procurement and modularity. Included in this funding is \$865 million for the Rapid Response Force Protection Initiative.
- **Marine Corps Procurement**: Provides \$554 million for Marine Corps procurement.
- **Classified Programs**: Provides \$1.2 billion for classified programs.
- **Defense Health Program**: Provides \$746 million for the Defense Health Program.
- **Iraqi Freedom Fund**: Provides for \$2.5 billion (10 percent) to remain in the Iraqi Freedom Fund to deal with unexpected contingencies. This flexibility provision is consistent with S. 2400, the National Defense Authorization Act for FY05.
- **Iraqi Captured Enemy Ammunition**: Provides \$100 million for the purpose of securing and destroying conventional munitions in Iraq.
- **Army End Strength**: Provides \$605 million to support an Army end strength increase of 20,000 soldiers. This provision is consistent with S. 2400, the National Defense Authorization Act of FY05.

Administration Position

A Statement of Administration Policy (SAP) on the bill as reported by the Senate Appropriations Committee was not available at press time.

On June 22, the Administration released a SAP on the House-reported bill, H.R. 4613. The Administration supported House passage of H.R. 4613 and commended the Committee's support of America's national defense and armed forces. In the SAP, the Administration offered its views on several provisions in H.R. 4613 (including General Transfer Authority, reductions to Operations and Maintenance and Military Personnel, and shifts in investment spending).

Cost

The Committee, in consultation with the Congressional Budget Office, estimates the bill provides \$415.9 billion in discretionary budget authority and \$239.4 in mandatory budget authority.

S. 2559 would result in the following outlays:

FY 2005	\$278.403 billion
FY 2006	\$85.353 billion
FY 2007	\$23.743 billion
FY 2008	\$8.013 billion
FY 2009	\$5.558 billion

Possible Amendments

No Amendments were offered at the subcommittee or the full committee markup.

The following is a list of amendments that may be offered on the floor:

DeWine: Would provide emergency assistance for the people of Sudan.